

Message Text

CONFIDENTIAL

PAGE 01 STATE 178115

66

ORIGIN EB-11

INFO OCT-01 EUR-25 EA-11 IO-14 ISO-00 L-03 AGR-20 COME-00

TRSE-00 STR-08 CIAE-00 INR-11 NSAE-00 RSC-01 /105 R

DRAFTED BY EB/ORF/OFD/FPD:RSSIMPSON:JV

APPROVED BY EB/ORF/OFD:JAPLACKE

EB/OT/TA:WBARRACLOUGH

L/EB:MPSPiegel

EUR/CAN:DHOLTON

USDA/FAS:PMACKIE:GFRASER

COMMERCE:DSCHLECTY

TREASURY:JRAY

STR:HWILLIAMS

----- 072637

R 142149Z AUG 74

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

AMEMBASSY CANBERRA

AMEMBASSY WELLINGTON

INFO USMISSION GENEVA

CONFIDENTIAL STATE 178115

E.O. 11652: GDS

TAGS: ETRD, EAGR, CA, AS, NZ

SUBJECT: CANADIAN BEEF QUOTAS

REF: (A) OTTAWA 2461; (B) OTTAWA 2462; (C) STATE 176665

1. DEPT. APPRECIATES AMBASSADOR'S QUICK AND FORCEFUL RESPONSE TO SHARP'S ANNOUNCEMENT CONCERNING THE BEEF IMPORT QUOTA. EMBASSY IS REQUESTED TO DELIVER FOLLOWING NOTE TO APPROPRIATELY HIGH-LEVEL GOC OFFICIAL. YOU SHOULD RE-EMPHASIZE THAT THE UNITED STATES DEEPLY REGRETS THE CANADIAN ACTION AND RESERVES ITS RIGHTS UNDER GATT.

2. BEGIN TEXT. THE USG REFERS TO THE CANADIAN GOVERNMENT'S ANNOUNCEMENTS OF AUGUST 2, 1974 REGARDING THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 178115

US-CANADIAN AGREEMENT ON A U.S. DES CERTIFICATION PROGRAM

AND, EFFECTIVE AUGUST 12, THE IMPOSITION OF IMPORT QUOTAS ON LIVE CATTLE AND FRESH AND FROZEN BEEF. THE QUOTAS WOULD RESTRICT THE ENTRY INTO CANADA OF SUCH

PRODUCTS TO THE AVERAGE OF IMPORTS DURING THE FIVE YEAR PERIOD 1969-1973.

3. THE U.S. IS GRATIFIED THAT THE GOC HAS, IN ACCEPTING THE U.S. CERTIFICATION PROGRAM, PUT AN END TO THE CONTENTIOUS ISSUE OF A VIRTUAL CANADIAN EMBARGO ON U.S. CATTLE, BEEF AND VEAL IN EFFECT SINCE APRIL 9, 1974. AT THE SAME TIME THE U.S. IS DEEPLY DISAPPOINTED THAT THE RESOLUTION OF THE DES ISSUE WAS ACCOMPANIED BY SIMULTANEOUS ANNOUNCEMENT OF A NEW PROGRAM TO RESTRICT IMPORTS OF THESE PRODUCTS. THE TIMING OF THE CANADIAN ACTION REINFORCES THE APPEARANCE THAT THE DES PROBLEM HAD BEEN USED FOR SOME PERIOD OF TIME AS A DEVICE FOR RESTRICTING IMPORTS FROM THE U.S. THIS ACTION, TAKEN WITHOUT PRIOR CONSULTATION, AGGRAVATES THE ALREADY DIFFICULT MARKET SITUATION CONFRONTING U.S. MEAT PRODUCERS. THE CANADIAN ACTION ALSO INTENSIFIES THE THREAT OF FURTHER DISRUPTION TO THE INTERNATIONAL LIVESTOCK AND MEAT ECONOMY WHICH IS ALREADY SUFFERING FROM THE TRADE RESTRICTIVE ACTIONS OF CERTAIN MAJOR IMPORTING COUNTRIES.

4. IN VIEW OF ITS POTENTIALLY DAMAGING CONSEQUENCES, THE USG URGES THE GOC TO REVIEW ITS DECISION TO IMPOSE IMPORT QUOTAS AND TO IMPLEMENT MODIFICATIONS OR MEASURES TO INSURE THAT U.S. CATTLE AND BEEF EXPORTS TO CANADA WILL NOT BE FURTHER DAMAGED. THE UNITED STATES NOTES THAT IN 1973 CANADIAN IMPORTS OF AFFECTED U.S. CATTLE AND BEEF AMOUNTED TO DOLS. 135 MILLION, AND THAT CATTLE IMPORTS FROM THE U.S. WERE A RECORD 215,000 HEAD. UNDER THE NEWLY ANNOUNCED QUOTA, CANADIAN IMPORTS OF U.S. SLAUGHTER CATTLE WOULD BE CUT TO A MAXIMUM OF 82,835 HEAD DURING THE NEXT YEAR, DESPITE THE FACT THAT THE NEW CANADIAN GRADING SYSTEM HAS OPENED UP A NEW AND SIGNIFICANT POTENTIAL MARKET FOR U.S. CATTLE. MOREOVER, U.S. EXPORTS OF BEEF AND VEAL INCREASED
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 178115

SUBSTANTIALLY DURING THE 1969-1973 PERIOD AND, THUS, HAVE A POTENTIAL SIGNIFICANTLY ABOVE THE FIVE YEAR AVERAGE.

5. THE USG INFORMS THE GOC THAT IT RESERVES ITS GATT RIGHTS IN THIS MATTER, INCLUDING ITS RIGHTS UNDER ARTICLE 19. END TEXT.

6. FYI. U.S. OFFICIALS WORKING IN THIS FIELD STRONGLY RESENT WHAT THEY SEE AS GOC DECEIT IN DELAYING RESOLUTION DES ISSUE TO TAKE ADVANTAGE OF ITS EMBARGO EFFECT. RE PARA. 8, REF B, WE DO NOT INTEND TO ACQUIESCE IN GOC ACTION AND WILL, IF NECESSARY, RETALIATE UNDER EXISTING DOMESTIC AUTHORITY (E.G., SECTION 252 OF THE TRADE EXPANSION ACT OF 1962). WE PREFER, HOWEVER, SOLUTION THAT WILL MITIGATE OR ELIMINATE POSSIBLE TRADE DAMAGE TO U.S., AND ADVERSE EFFECTS ON U.S. CATTLE INDUSTRY AND, IN LONG RUN, CONSUMERS. WE DO NOT RULE OUT POSSIBILITY OF CONSULTATIONS WITH GOC, BUT WOULD WANT REASONABLE PRIOR GROUNDS FOR BELIEVING THAT THEY WOULD RESULT IN SATISFACTORY SAFEGUARDS OF U.S. TRADE INTEREST. IT MAY BE THAT RESULTS OF PROPOSED SEPTEMBER MEETING OF MAJOR MEAT TRADING COUNTRIES (AUSTRALIAN INITIATIVE - REF C) WILL PROVIDE GOC WITH FACE-SAVING REASONS FOR MODIFYING IMPORT QUOTA ACTIONS. IN ANY CASE, EMBASSY SHOULD STRESS URGENT NEED FOR SOME CANADIAN ACTION TO INSURE THAT U.S. TRADE WILL NOT BE DAMAGED. RE PARA. 5, REF B, USG DOES NOT INTEND TAKE POSITION THAT GOC ACTION DISCRIMINATORY AGAINST U.S. SINCE QUOTAS BASED ON IMPORTS DURING HISTORICAL BASE PERIOD WHICH IS GENERAL PRACTICE OF GATT MEMBERS. IT IS TRUE THAT SHORTER BASE PERIOD (SAY 1971-73) WOULD HAVE BENEFITTED U.S. BOTH RELATIVELY AND ABSOLUTELY, BUT NOT THAT LONGER PERIOD IS DISCRIMINATORY ON ANY OBJECTIVE GROUNDS APPARENT TO US. END FYI.

7. FOR CANBERRA AND WELLINGTON. YOU MAY WISH TO DRAW ON THIS AND THE REFERENCED TELEGRAMS (BEING REPEATED TO YOU) TO EXPLAIN TO HOST GOVERNMENTS U.S. RESPONSE TO CANADIAN ACTION WHICH ALSO AFFECTS THEM AS BEEF EXPORTERS. KISSINGER
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 178115

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LIVESTOCK, FOOD & DRUG REGULATIONS, IMPORT CONTROLS, MEATS, DES, AGRICULTURAL PRICE SUPPORTS, IMPORT QUOTAS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE178115
Document Source: CORE
Document Unique ID: 00
Drafter: RSSIMPSON:JV
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740224-0255
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740847/aaaabnyv.tel
Line Count: 154
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) OTTAWA 2461; (B) OTTAWA 2462; (C,) STATE 176665
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2002 by boyleja>; APPROVED <13-Aug-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CANADIAN BEEF QUOTAS
TAGS: ETRD, EAGR, CA, AS, NZ
To: OTTAWA WELLINGTON
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005